

ANNUAL STATEMENT

For the Year Ending December 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

HealthPlus of Michigan, Inc.

NAIC Group Code	3409	,	0000	NAIC Company Code	95580	Employer's ID Number	38-2160688
	(Current Period)		(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America						
Licensed as business type:	Life, Accident & Health[]		Property/Casualty[]		Hospital, Medical & Dental Service or Indemnity[]		
	Dental Service Corporation[]		Vision Service Corporation[]		Health Maintenance Organization[X]		
	Other[]		Is HMO Federally Qualified? Yes[X] No[]				
Date Incorporated or Organized	08/09/1977			Date Commenced Business	10/15/1979		
Statutory Home Office	2050 South Linden Road			Flint, MI 48532			
	(Street and Number)			(City, or Town, State and Zip Code)			
Main Administrative Office	2050 South Linden Road						
	Flint, MI 48532			(800)332-9161			
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)			
Mail Address	2050 South Linden Road, P.O. Box 1700			Flint, MI 48501-1700			
	(Street and Number or P.O. Box)			(City, or Town, State and Zip Code)			
Primary Location of Books and Records	2050 South Linden Road						
	Flint, MI 48532			(800)332-9161			
	(City, or Town, State and Zip Code)			(Area Code) (Telephone Number)			
Internet Website Address	www.healthplus.com						
Statement Contact	Matthew Andrew Mendrygal, C.P.A.			(810)230-2179			
	(Name)			(Area Code)(Telephone Number)(Extension)			
	mmendrygal@healthplus.com			(810)230-2208			
	(E-Mail Address)			(Fax Number)			
Policyowner Relations Contact	2050 South Linden Road, P.O. Box 1700						
	Flint, MI 48501-1700			(800)332-9161			
	(City, or Town, State and Zip Code)			(Area Code) (Telephone Number)(Extension)			

OFFICERS

President	Paul Alan Fuhs Ph.D.
Chief Financial Officer	Matthew Andrew Mendrygal C.P.A.
Treasurer	Christopher John Flores

VICE PRESIDENTS

Dan Ellis Champney Esq.	Bruce Robert Hill
Laraine Bernadette Yapo	Christine Marie Tomcala
David Paul Crosby	John Jacob Saalwaechter MD,MBA,CPE

DIRECTORS OR TRUSTEES

Jack Louis Barry MD	Vern Lee Burns
Harold Leslie Mallon DDS	Penelope Drake Pestronk
Gerald Edward Piesko DO	Dan Dean Sain
Peggy Joyce Tortorice	James Joseph Wascha Esq.
Ron Jason Haywood	James Michael Van Tiflin
Stephanie Lynn Whisiker-Lewis DO	Christopher John Flores
Patrick Allen Campbell	Larry Leigh Carr DO
Roger LaVerne Sharp	Robert John Roth #

State of	Michigan
County of	Genesee ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manuals except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)	(Signature)	(Signature)
Paul Alan Fuhs	Matthew Andrew Mendrygal	Christopher John Flores
(Printed Name)	(Printed Name)	(Printed Name)
President	Chief Financial Officer	Treasurer

a. Is this an original filing?	Yes[X] No[]
b. If no,	1. State the amendment number
	2. Date filed
	3. Number of pages attached

Subscribed and sworn to before me this
day of , 2003

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets	Net Admitted Assets
1.	Bonds	3,274,499		3,274,499	7,459,039
2.	Stocks:				
2.1	Preferred stocks				
2.2	Common stocks	11,365,712		11,365,712	7,922,452
3.	Mortgage loans on real estate:				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances)	5,677,354		(a). 5,677,354	5,651,100
4.2	Properties held for the production of income (less \$..... encumbrances)				
4.3	Properties held for sale (less \$..... encumbrances)				
5.	Cash (\$.....28,734,603, Schedule E - Part 1) and short-term investments (\$.....25,340,317, Schedule DA - Part 2)	54,074,920		54,074,920	47,108,942
6.	Other long-term invested assets	1,513,608	1,097,988	415,620	
7.	Receivable for securities				
8.	Aggregate write-ins for invested assets				306,216
9.	Subtotal, cash and invested assets (Lines 1 to 8)	75,906,093	1,097,988	74,808,105	68,447,749
10.	Accident and health premiums due and unpaid	1,939,452		1,939,452	2,301,000
11.	Health care receivables	4,893,129	908,546	3,984,583	5,097,073
12.	Amounts recoverable from reinsurers				
13.	Net adjustment in assets and liabilities due to foreign exchange rates				
14.	Investment income due and accrued	272,504		272,504	181,145
15.	Amounts due from parent, subsidiaries and affiliates	255,210		255,210	319,301
16.	Amounts receivable relating to uninsured accident and health plans				
17.	Furniture and equipment	448,587		448,587	
18.	Amounts due from agents				
19.	Federal and foreign income tax recoverable and interest thereon (including \$..... net deferred tax asset)				
20.	Electronic data processing equipment and software	1,125,304	494,399	630,905	673,604
21.	Other nonadmitted assets	575,895	575,895		
22.	Aggregate write-ins for other than invested assets	35,743		35,743	41,882
23.	Total assets (Lines 9 plus 10 through 22)	85,451,917	3,076,828	82,375,089	77,061,754
DETAILS OF WRITE-INS					
0801.	Investment in Affiliate				306,216
0802	.....			
0803	.....			
0898.	Summary of remaining write-ins for Line 8 from overflow page				
0899.	TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above)				306,216
2201.	Other Receivables	35,743		35,743	41,882
2202	.....			
2203	.....			
2298.	Summary of remaining write-ins for Line 22 from overflow page				
2299.	TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above)	35,743		35,743	41,882

(a) \$..... health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)	45,713,243		45,713,243	39,995,215
2.	Accrued medical incentive pool and bonus payments	4,602,444		4,602,444	4,787,912
3.	Unpaid claims adjustment expenses				
4.	Aggregate policy reserves				
5.	Aggregate claim reserves				
6.	Premiums received in advance	2,692,622		2,692,622	2,849,158
7.	General expenses due or accrued	1,679,738		1,679,738	1,941,146
8.	Federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) (including \$..... net deferred tax liability)				
9.	Amounts withheld or retained for account of others	66,078		66,078	78,946
10.	Borrowed money (including \$..... current) and interest thereon \$..... (including\$..... current)				
11.	Amounts due to parent, subsidiaries and affiliates	1,018,350		1,018,350	771,295
12.	Payable to securities				
13.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers				
14.	Reinsurance in unauthorized companies				
15.	Net adjustments in assets and liabilities due to foreign exchange rates				
16.	Liability for amounts held under uninsured accident and health plans				
17.	Aggregate write-ins for other liabilities (including \$..... current)	1,685,828		1,685,828	1,589,845
18.	Total liabilities (Lines 1 to 17)	57,458,303		57,458,303	52,013,517
19.	Common capital stock	X X X	X X X		
20.	Preferred capital stock	X X X	X X X		
21.	Gross paid in and contributed surplus	X X X	X X X	170,511	170,511
22.	Surplus notes	X X X	X X X		
23.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
24.	Unassigned funds (surplus)	X X X	X X X	24,746,275	24,877,726
25.	Less treasury stock, at cost:	X X X	X X X		
25.1	..... shares common (value included in Line 19 \$.....)	X X X	X X X		
25.2	..... shares preferred (value included in Line 20 \$.....)	X X X	X X X		
26.	Total capital and surplus (Lines 19 to 25)	X X X	X X X	24,916,786	25,048,237
27.	Total liabilities, capital and surplus (Lines 18 and 26)	X X X	X X X	82,375,089	77,061,754
DETAILS OF WRITE-INS					
1701.	Accrued Payroll	1,633,509		1,633,509	1,439,488
1702.	Other Current Liabilities	52,319		52,319	150,357
1703	.....			
1798.	Summary of remaining write-ins for Line 17 from overflow page				
1799.	TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above)	1,685,828		1,685,828	1,589,845
2301	.....	X X X	X X X		
2302	.....	X X X	X X X		
2303	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	1,962,261	1,868,993
2.	Net premium income	X X X	395,174,794	344,105,261
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate Write-Ins for Other health care related revenues	X X X	6,742,267	
7.	Total revenues (Lines 2 to 6)	X X X	401,917,061	344,105,261
Medical and Hospital:				
8.	Hospital/medical benefits		221,950,573	194,508,313
9.	Other Professional Services			
10.	Outside Referrals			
11.	Emergency room and out-of-area			
12.	Prescription drugs		81,045,288	67,067,446
13.	Aggregate write-ins for other medical and hospital		65,069,728	56,071,240
14.	Incentive pool and withhold adjustments		3,736,395	671,840
15.	Subtotal (Lines 8 to 14)		371,801,984	318,318,839
LESS:				
16.	Net reinsurance recoveries			
17.	Total medical and hospital (Lines 15 minus 16)		371,801,984	318,318,839
18.	Claims adjustment expenses		1,413,407	1,055,809
19.	General administrative expenses		29,492,759	27,251,268
20.	Increase in reserves for accident and health contracts			
21.	Total underwriting deductions (Lines 17 through 20)		402,708,150	346,625,916
22.	Net underwriting gain or (loss) (Lines 7 minus 21)	X X X	(791,089)	(2,520,655)
23.	Net investment income earned		1,522,843	2,828,884
24.	Net realized capital gains or (losses)		19,190	216,725
25.	Net investment gains or (losses) (Lines 23 plus 24)		1,542,033	3,045,609
26.	Net gain or (Loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
27.	Aggregate write-ins for other income or expenses		38,031	(99,393)
28.	Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)		788,975	425,561
29.	Federal and foreign income taxes incurred	X X X		
30.	Net income (loss) (Lines 28 minus 29)	X X X	788,975	425,561
DETAILS OF WRITE-INS				
0601.	Administrative fee receipts from HGH	X X X	6,742,267	
0602	.....	X X X		
0603	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	6,742,267	
1301.	Medicaid Capitation		63,606,724	53,952,500
1302.	Laboratory and DME Capitation		1,372,519	2,017,020
1303.	Other Medical Expense		90,485	101,720
1398.	Summary of remaining write-ins for Line 13 from overflow page			
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)		65,069,728	56,071,240
2701.	Gain/(loss) on disposal of Fixed Assets			(105,833)
2702.	Other Revenue		38,031	6,440
2703	.....		
2798.	Summary of remaining write-ins for Line 27 from overflow page			
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)		38,031	(99,393)

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
31.	Capital and surplus prior reporting year	25,048,237	27,678,526
GAINS AND LOSSES TO CAPITAL & SURPLUS			
32.	Net income or (loss) from Line 30	788,975	425,561
33.	Change in valuation basis of aggregate policy and claim reserves		
34.	Net unrealized capital gains and losses	(2,313,811)	(998,092)
35.	Change in net unrealized foreign exchange capital gain or (loss)		
36.	Change in net deferred income tax		
37.	Change in nonadmitted assets	1,393,385	(2,057,758)
38.	Change in unauthorized reinsurance		
39.	Change in treasury stock		
40.	Change in surplus notes		
41.	Cumulative effect of changes in accounting principles		
42.	Capital Changes:		
42.1	Paid in		
42.2	Transferred from surplus (Stock Dividend)		
42.3	Transferred to surplus		
43.	Surplus adjustments:		
43.1	Paid in		
43.2	Transferred to capital (Stock Dividend)		
43.3	Transferred from capital		
44.	Dividends to stockholders		
45.	Aggregate write-ins for gains or (losses) in surplus		
46.	Net change in capital and surplus (Lines 32 to 45)	(131,451)	(2,630,289)
47.	Capital and surplus end of reporting year (Line 31 plus 46)	24,916,786	25,048,237
DETAILS OF WRITE-INS			
4501	.....	
4502	.....	
4503	.....	
4598.	Summary of remaining write-ins for Line 45 from overflow page		
4599.	TOTALS (Lines 4501 through 4503 plus 4598) (Line 45 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance	395,820,099	347,784,528
2.	Claims and claims adjustment expenses	365,948,161	320,091,210
3.	General administrative expenses paid	28,781,920	26,234,371
4.	Other underwriting income (expenses)	6,742,267	14,575
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	7,832,285	1,473,522
6.	Net investment income	1,449,665	2,730,977
7.	Other income (expenses)	36,973	6,440
8.	Federal and foreign income taxes (paid) recovered		
9.	Net cash from operations (Line 5 to 8)	9,318,923	4,210,939
Cash from Investments			
10.	Proceeds from investments sold, matured or repaid:		
10.1	Bonds	7,300,000	23,164,031
10.2	Stocks	2,284,877	5,804,641
10.3	Mortgage loans		
10.4	Real estate		
10.5	Other invested assets		
10.6	Net gains or (losses) on cash and short-term investments	(2,546)	35,804
10.7	Miscellaneous proceeds		
10.8	Total investment proceeds (Lines 10.1 to 10.7)	9,582,331	29,004,476
11.	Cost of investments acquired (long-term only):		
11.1	Bonds	7,549,712	15,279,855
11.2	Stocks	2,673,883	10,554,744
11.3	Mortgage loans		
11.4	Real estate	440,239	40,652
11.5	Other invested assets	1,000,000	
11.6	Miscellaneous applications		
11.7	Total investments acquired (Lines 11.1 to 11.6)	11,663,834	25,875,251
12.	Net cash from investments (Line 10.8 minus Line 11.7)	(2,081,503)	3,129,225
Cash from Financing and Miscellaneous Sources			
13.	Cash provided:		
13.1	Surplus notes, capital and surplus paid in		
13.2	Net transfers from affiliates	311,146	
13.3	Borrowed funds received		
13.4	Other cash provided		3,247,540
13.5	Total (Lines 13.1 to 13.4)	311,146	3,247,540
14.	Cash applied:		
14.1	Dividends to stockholder paid		
14.2	Net transfers to affiliates		1,595,084
14.3	Borrowed funds repaid		
14.4	Other applications	582,588	458,818
14.5	Total (Lines 14.1 to 14.4)	582,588	2,053,902
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	(271,442)	1,193,638
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	6,965,978	8,533,802
17.	Cash and short-term investments:		
17.1	Beginning of year	47,108,942	38,575,140
17.2	End of year (Line 16 plus Line 17.1)	54,074,920	47,108,942

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS
(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other
1.	Net premium income	395,174,794	234,221,557					4,306,175	24,784,994	103,687,437				28,174,631
2.	Change in unearned premium reserves and reserve for rate credit													
3.	Fee-for-service (net of \$..... medical expenses)													
4.	Risk revenue													
5.	Aggregate write-ins for other health care related revenues	6,742,267								6,742,267				
6.	Total revenues (Lines 1 to 5)	401,917,061	234,221,557					4,306,175	24,784,994	110,429,704				28,174,631
7.	Medical/hospital benefits	221,950,573	162,973,211					2,684,784	19,041,178	28,206,838				9,044,562
8.	Other professional services													
9.	Outside referrals													
10.	Emergency room and out-of-area													
11.	Prescription drugs	81,045,288	51,697,483					796,972	3,369,431	9,605,564				15,575,838
12.	Aggregate write-ins for other medical and hospital	65,069,728	1,064,532					21,703	80,414	63,903,079				
13.	Incentive pool and withhold adjustments	3,736,395	2,883,204					262,919	232,618	357,654				
14.	Subtotal (Lines 7 to 13)	371,801,984	218,618,430					3,766,378	22,723,641	102,073,135				24,620,400
15.	Net reinsurance recoveries													
16.	Total medical and hospital (Lines 14 minus 15)	371,801,984	218,618,430					3,766,378	22,723,641	102,073,135				24,620,400
17.	Claims adjustment expenses	1,413,407	778,717					14,188	83,067	450,487				86,948
18.	General administrative expenses	29,492,759	16,249,042					296,046	1,733,313	9,400,060				1,814,298
19.	Increase in reserves for accident and health contracts													
20.	Total underwriting deductions (Lines 16 to 19)	402,708,150	235,646,189					4,076,612	24,540,021	111,923,682				26,521,646
21.	Net underwriting gain or (loss) (Line 6 minus Line 20)	(791,089)	(1,424,632)					229,563	244,973	(1,493,978)				1,652,985
DETAILS OF WRITE-INS														
0501.	Administrative fee receipts from HGH	6,742,267								6,742,267				
0502.	.....												
0503.	.....												
0598.	Summary of remaining write-ins for Line 5 from overflow page													
0599.	TOTAL (Lines 0501 through 0503 plus 0598) (Line 5 above)	6,742,267								6,742,267				
1201.	Medicaid Capitation	63,606,724								63,606,724				
1202.	Laboratory and DME Capitation	1,372,519	1,055,894					21,703	80,414	214,508				
1203.	Other Medical	90,485	8,638							81,847				
1298.	Summary of remaining write-ins for Line 12 from overflow page													
1299.	TOTAL (Lines 1201 through 1203 plus 1298) (Line 12 above)	65,069,728	1,064,532					21,703	80,414	63,903,079				

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct	Reinsurance	Reinsurance	Net Premium
Line of Business		Business	Assumed	Ceded	Income
					(Columns
					1 + 2 - 3)
1.	Comprehensive (medical and hospital)	234,300,937	.....	79,327	234,221,610
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan				
	Premiums	4,308,403	.....	2,281	4,306,122
6.	Title XVIII - Medicare	24,787,434	.....	2,440	24,784,994
7.	Title XIX - Medicaid	103,708,780	.....	21,343	103,687,437
8.	Other	28,174,631	.....	.....	28,174,631
9.	TOTALS	395,280,185	.....	105,391	395,174,794

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Payments during the year:									
1.1 Direct	362,347,561	211,393,960				3,391,020	21,468,490	101,653,706	24,440,385
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	362,347,561	211,393,960				3,391,020	21,468,490	101,653,706	24,440,385
2. Paid medical incentive pools and bonuses	4,146,619	3,175,419				222,361	178,669	570,170	
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	45,713,243	32,600,037				380,078	3,796,213	5,982,846	2,954,069
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net	45,713,243	32,600,037				380,078	3,796,213	5,982,846	2,954,069
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct									
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net									
5. Accrued medical incentive pools and bonuses, current year	4,602,444	3,969,507				262,919	68,375	301,643	
6. Amounts recoverable from reinsurers December 31, current year									
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	39,995,215	28,258,772				267,639	2,773,680	5,921,070	2,774,054
7.2 Reinsurance assumed									
7.3 Reinsurance ceded									
7.4 Net	39,995,215	28,258,772				267,639	2,773,680	5,921,070	2,774,054
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct									
8.2 Reinsurance assumed									
8.3 Reinsurance ceded									
8.4 Net									
9. Accrued medical incentive pools and bonuses, prior year	4,787,912	3,925,182				222,361	(21,833)	662,202	
10. Amounts recoverable from reinsurers December 31, prior year									
11. Incurred benefits:									
11.1 Direct	368,065,589	215,735,225				3,503,459	22,491,023	101,715,482	24,620,400
11.2 Reinsurance assumed									
11.3 Reinsurance ceded									
11.4 Net	368,065,589	215,735,225				3,503,459	22,491,023	101,715,482	24,620,400
12. Incurred medical incentive pools and bonuses	3,961,151	3,219,744				262,919	268,877	209,611	

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - Claims Liability End of Current Year

		1	2	3	4	5	6	7	8	9
		Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1.	Reported in Process of Adjustment:									
	1.1 Direct	8,828,059	5,998,375				117,184	838,029	1,760,000	114,471
	1.2 Reinsurance assumed									
	1.3 Reinsurance ceded									
	1.4 Net	8,828,059	5,998,375				117,184	838,029	1,760,000	114,471
2.	Incurred but Unreported:									
	2.1 Direct	30,779,586	22,055,337				191,196	2,264,146	3,429,309	2,839,598
	2.2 Reinsurance assumed									
	2.3 Reinsurance ceded									
	2.4 Net	30,779,586	22,055,337				191,196	2,264,146	3,429,309	2,839,598
3.	Amounts Withheld from Paid Claims and Capitations:									
	3.1 Direct	6,105,598	4,524,010				94,013	694,039	793,536	
	3.2 Reinsurance assumed									
	3.3 Reinsurance ceded									
	3.4 Net	6,105,598	4,524,010				94,013	694,039	793,536	
4.	TOTALS									
	4.1 Direct	45,713,243	32,577,722				402,393	3,796,214	5,982,845	2,954,069
	4.2 Reinsurance assumed									
	4.3 Reinsurance ceded									
	4.4 Net	45,713,243	32,577,722				402,393	3,796,214	5,982,845	2,954,069

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred Durring the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
	Line of Business						
1.	Comprehensive (medical and hospital)	26,284,446	185,109,514	1,210,555	31,367,167	27,495,001	28,258,772
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan Premiums	217,409	3,173,611		402,393	217,409	267,639
6.	Title XVIII - Medicare	2,860,431	18,608,059	160,149	3,636,065	3,020,580	2,773,680
7.	Title XIX - Medicaid	4,809,653	96,844,053	467,417	5,515,428	5,277,070	5,921,070
8.	Other	2,568,116	21,872,269	34,938	2,919,131	2,603,054	2,774,054
9.	Subtotal	36,740,055	325,607,506	1,873,059	43,840,184	38,613,114	39,995,215
10.	Medical incentive pools, accrual and disbursements	2,329,541	1,817,078	1,832,034	2,770,410	4,161,575	4,787,912
11.	TOTALS	39,069,596	327,424,584	3,705,093	46,610,594	42,774,689	44,783,127

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Grand Total
Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	25,776,380				
2.	1998	185,831,684	25,334,116			
3.	1999	X X X	227,044,429	38,242,705		
4.	2000	X X X	X X X	250,892,481	33,961,273	
5.	2001	X X X	X X X	X X X	282,653,732	36,740,055
6.	2002	X X X	X X X	X X X	X X X	325,607,506

Section B - Incurred Claims

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	25,960,194				
2.	1998	219,839,368	25,334,116			
3.	1999	X X X	266,101,723	38,242,705		
4.	2000	X X X	X X X	289,855,703	36,754,506	
5.	2001	X X X	X X X	X X X	319,855,714	38,613,114
6.	2002	X X X	X X X	X X X	X X X	369,447,690

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998	235,509,663	211,165,800			211,165,800	90			211,165,800	90
3.	1999	285,025,300	265,287,134			265,287,134	93			265,287,134	93
4.	2000	306,946,296	284,853,754			284,853,754	93			284,853,754	93
5.	2001	344,238,124	319,393,787	143,312	0	319,537,099	93	1,873,059		321,410,158	93
6.	2002	395,280,185	325,607,506	1,270,095	0	326,877,601	83	43,840,184		370,717,785	94
7.	TOTAL (Lines 1 through 6)	X X X	1,406,307,981	1,413,407	X X X	1,407,721,388	X X X	45,713,243		1,453,434,631	X X X
8.	TOTAL (Lines 2 through 6)	1,566,999,568	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Hospital and Medical

Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	21,842,182				
2.	1998	122,225,877	17,740,511			
3.	1999	X X X	129,364,647	24,318,270		
4.	2000	X X X	X X X	149,310,131	23,153,278	
5.	2001	X X X	X X X	X X X	162,134,300	26,284,446
6.	2002	X X X	X X X	X X X	X X X	185,109,514

Section B - Incurred Claims

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	22,025,996				
2.	1998	146,757,684	17,740,511			
3.	1999	X X X	154,958,612	24,318,270		
4.	2000	X X X	X X X	175,935,187	25,684,184	
5.	2001	X X X	X X X	X X X	187,862,166	27,495,001
6.	2002	X X X	X X X	X X X	X X X	216,476,681

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998	157,771,979	139,966,388			139,966,388	89			139,966,388	89
3.	1999	169,181,780	153,682,917			153,682,917	91			153,682,917	91
4.	2000	183,237,369	172,463,409			172,463,409	94			172,463,409	94
5.	2001	200,452,917	188,418,746	102,528	0	188,521,274	94	1,210,555		189,731,829	95
6.	2002	234,300,937	185,109,514	722,056	0	185,831,570	79	31,367,167		217,198,737	93
7.	TOTAL (Lines 1 through 6)	X X X	839,640,974	824,584	X X X	840,465,558	X X X	32,577,722		873,043,280	X X X
8.	TOTAL (Lines 2 through 6)	944,944,982	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)
Federal Employees Health Benefits Plan Premiums

Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	265,089				
2.	1998	1,085,266	102,348			
3.	1999	X X X	1,022,484	334,695		
4.	2000	X X X	X X X	1,266,730	154,754	
5.	2001	X X X	X X X	X X X	1,904,434	217,409
6.	2002	X X X	X X X	X X X	X X X	3,173,611

Section B - Incurred Claims

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	265,089				
2.	1998	1,170,256	102,348			
3.	1999	X X X	1,169,915	334,695		
4.	2000	X X X	X X X	1,457,633	154,754	
5.	2001	X X X	X X X	X X X	2,172,073	217,409
6.	2002	X X X	X X X	X X X	X X X	3,576,004

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998	1,017,618	1,187,614			1,187,614	117			1,187,614	117
3.	1999	1,265,955	1,357,179			1,357,179	107			1,357,179	107
4.	2000	1,648,517	1,421,484			1,421,484	86			1,421,484	86
5.	2001	2,732,141	2,121,843	848	0	2,122,691	78			2,122,691	78
6.	2002	4,308,403	3,173,611	12,379	0	3,185,990	74	402,393		3,588,383	83
7.	TOTAL (Lines 1 through 6)	X X X	9,261,731	13,227	X X X	9,274,958	X X X	402,393		9,677,351	X X X
8.	TOTAL (Lines 2 through 6)	10,972,634	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Title XVIII - Medicare

Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	327,455				
2.	1998	3,400,962	2,237,571			
3.	1999	X X X	7,007,617	1,655,413		
4.	2000	X X X	X X X	6,016,396	1,273,787	
5.	2001	X X X	X X X	X X X	14,125,109	2,860,431
6.	2002	X X X	X X X	X X X	X X X	18,608,059

Section B - Incurred Claims

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	327,455				
2.	1998	6,003,547	2,237,571			
3.	1999	X X X	8,963,802	1,655,413		
4.	2000	X X X	X X X	7,249,776	1,332,612	
5.	2001	X X X	X X X	X X X	16,839,964	3,020,580
6.	2002	X X X	X X X	X X X	X X X	22,244,123

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998	4,901,444	5,638,533			5,638,533	115			5,638,533	115
3.	1999	8,698,047	8,663,030			8,663,030	100			8,663,030	100
4.	2000	7,368,196	7,290,183			7,290,183	99			7,290,183	99
5.	2001	18,278,181	16,985,540	11,158	0	16,996,698	93	160,149		17,156,847	94
6.	2002	24,787,434	18,608,059	72,584	0	18,680,643	75	3,636,065		22,316,708	90
7.	TOTAL (Lines 1 through 6)	X X X	57,185,345	83,742	X X X	57,269,087	X X X	3,796,214		61,065,301	X X X
8.	TOTAL (Lines 2 through 6)	64,033,302	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Title XIX - Medicaid
Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	689,922				
2.	1998	46,296,541	3,112,408			
3.	1999	X X X	75,558,872	8,903,443		
4.	2000	X X X	X X X	76,982,318	6,510,862	
5.	2001	X X X	X X X	X X X	86,302,743	4,809,653
6.	2002	X X X	X X X	X X X	X X X	96,844,053

Section B - Incurred Claims

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	689,922				
2.	1998	50,115,154	3,112,408			
3.	1999	X X X	84,119,428	8,903,443		
4.	2000	X X X	X X X	84,409,647	6,664,019	
5.	2001	X X X	X X X	X X X	92,070,656	5,277,070
6.	2002	X X X	X X X	X X X	X X X	102,359,482

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998	54,968,485	49,408,949			49,408,949	90			49,408,949	90
3.	1999	86,602,748	84,462,315			84,462,315	98			84,462,315	98
4.	2000	92,696,774	83,493,180			83,493,180	90			83,493,180	90
5.	2001	100,586,403	91,112,396	18,761	0	91,131,157	91	467,417		91,598,574	91
6.	2002	103,708,780	96,844,053	377,759	0	97,221,812	94	5,515,428		102,737,240	99
7.	TOTAL (Lines 1 through 6)	X X X	405,320,893	396,520	X X X	405,717,413	X X X	5,982,845		411,700,258	X X X
8.	TOTAL (Lines 2 through 6)	438,563,190	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Other
Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	2,651,732				
2.	1998	12,823,038	2,141,278			
3.	1999	X X X	14,090,809	3,030,884		
4.	2000	X X X	X X X	17,316,906	2,868,592	
5.	2001	X X X	X X X	X X X	18,187,146	2,568,116
6.	2002	X X X	X X X	X X X	X X X	21,872,269

Section B - Incurred Claims

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	2,651,732				
2.	1998	15,792,727	2,141,278			
3.	1999	X X X	16,889,966	3,030,884		
4.	2000	X X X	X X X	20,803,460	2,918,937	
5.	2001	X X X	X X X	X X X	20,910,855	2,603,054
6.	2002	X X X	X X X	X X X	X X X	24,791,400

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998	16,850,137	14,964,316			14,964,316	89			14,964,316	89
3.	1999	19,276,770	17,121,693			17,121,693	89			17,121,693	89
4.	2000	21,995,440	20,185,498			20,185,498	92			20,185,498	92
5.	2001	22,188,482	20,755,262	10,017	0	20,765,279	94	34,938		20,800,217	94
6.	2002	28,174,631	21,872,269	85,317	0	21,957,586	78	2,919,131		24,876,717	88
7.	TOTAL (Lines 1 through 6)	X X X	94,899,038	95,334	X X X	94,994,372	X X X	2,954,069		97,948,441	X X X
8.	TOTAL (Lines 2 through 6)	108,485,460	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
POLICY RESERVE									
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$#####) for investment income									
5. Aggregate write-ins for other policy reserves									
6. Totals (gross)									
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)									
CLAIM RESERVE									
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. Totals (gross)									
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 5)									
DETAILS OF WRITE-INS									
0501									
0502									
0503									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)									
1101									
1102									
1103									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)									

(a) Includes \$..... premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		1	2	3	4
		Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$..... for occupancy of own building)		210,081		210,081
2.	Salaries, wages and other benefits	1,235,918	19,496,815		20,732,733
3.	Commissions (less \$..... ceded plus \$..... assumed) ...				
4.	Legal fees and expenses		160,139		160,139
5.	Certifications and accreditation fees				
6.	Auditing, actuarial and other consulting services		615,618		615,618
7.	Traveling expenses		515,515		515,515
8.	Marketing and advertising		1,427,731		1,427,731
9.	Postage, express and telephone		1,073,120		1,073,120
10.	Printing and office supplies		527,595		527,595
11.	Occupancy, depreciation and amortization		1,428,168	226,339	1,654,507
12.	Equipment		241,385		241,385
13.	Cost or depreciation of EDP equipment and software				
14.	Outsourced services including EDP, claims, and other services	164,141	463,841		627,982
15.	Boards, bureaus and association fees		280,790		280,790
16.	Insurance, except on real estate		337,993		337,993
17.	Collection and bank service charges		50,578	94,507	145,085
18.	Group service and administration fees				
19.	Reimbursements by uninsured accident and health plans				
20.	Reimbursements from fiscal intermediaries				
21.	Real estate expenses				
22.	Real estate taxes		155,992		155,992
23.	Taxes, licenses and fees:				
23.1	State and local insurance taxes				
23.2	State premium taxes				
23.3	Regulator authority licenses and fees				
23.4	Payroll taxes		1,229,127		1,229,127
23.5	Other (excluding federal income and real estate taxes)		2,785		2,785
24.	Investment expenses not included elsewhere				
25.	Aggregate write-ins for expenses	13,349	1,275,485		1,288,834
26.	Total expenses incurred (Lines 1 to 25)	1,413,408	29,492,758	320,846	(a) 31,227,012
27.	Add expenses unpaid December 31, prior year		3,322,288		3,322,288
28.	Less expenses unpaid December 31, current year		3,379,325		3,379,325
29.	Amounts receivable relating to uninsured accident and health plans, prior year				
30.	Amounts receivable relating to uninsured accident and health plans, current year				
31.	Total expenses paid (Lines 26 plus 27 minus 28 minus 29 plus 30) .	1,413,408	29,435,721	320,846	31,169,975
DETAILS OF WRITE-INS					
2501.	Books and Periodicals		91,690		91,690
2502.	Recruiting/Relocation		114,109		114,109
2503.	Conferences, Seminars, and Training	13,349	227,429		240,778
2598.	Summary of remaining write-ins for Line 25 from overflow page		842,257		842,257
2599.	Totals (Lines 2501 through 2503 + 2598)(Line 25 above)	13,349	1,275,485		1,288,834

(a) Includes management fees of \$..... to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....	.....
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a)..... 186,831	..... 190,412
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated) .....	..... 410,956	..... 436,481
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d)..... 218,168	..... 218,168
5.	Contract loans .....	.....	.....
6.	Cash/short-term investments	(e)..... 726,586	..... 998,628
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income .....	..... 1,542,540	..... 1,843,689
11.	Investment expenses .....	.....	(g)..... 320,846
12.	Investment taxes, licenses and fees, excluding federal income taxes .....	.....	(g).....
13.	Interest expense .....	.....	(h).....
14.	Depreciation on real estate and other invested assets .....	.....	(i).....
15.	Aggregate write-ins for deductions from investment income .....	.....	.....
16.	Total deductions (Lines 11 through 15) .....	.....	..... 320,846
17.	Net Investment income (Line 10 minus Line 16) .....	.....	..... 1,522,843
DETAILS OF WRITE-INS			
0901	.....	.....	.....
0902	.....	.....	.....
0903	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501	.....	.....	.....
1502	.....	.....	.....
1503	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....

- (a) Includes \$.....2,147 accrual of discount less \$.....6,029 amortization of premium and less \$.....112 paid for accrued interest on purchases.
- (b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.
- (c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (d) Includes \$.....439,631 for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.
- (e) Includes \$.....6,336 accrual of discount less \$.....169,797 amortization of premium and less \$.....145,552 paid for accrued interest on purchases.
- (f) Includes \$..... accrual of discount less \$..... amortization of premium.
- (g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.
- (i) Includes \$.....439,631 depreciation on real estate and \$..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds .....	.....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	..... 19,040	.....	.....	.....	..... 19,040
2.21	Common stocks of affiliates .....	.....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash/short-term investments .....	..... 150	.....	.....	.....	..... 150
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	..... 19,190	.....	.....	.....	..... 19,190
DETAILS OF WRITE-INS						
0901	.....	.....	.....	.....	.....	.....
0902	.....	.....	.....	.....	.....	.....
0903	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....	.....	.....	.....

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of items Page 2, Lines 10 to 13 and 15 to 20, Column 2	1,402,945	2,746,287	1,343,342
2. Other Nonadmitted Assets:			
2.1 Bills receivable			
2.2 Leasehold improvements		25,646	25,646
2.3 Cash advanced to or in the hands of officers and agents			
2.4 Loans on personal security, endorsed or not			
2.5 Commuted commissions			
3. Total (Lines 2.1 to 2.5)		25,646	25,646
4. Aggregate write-ins for other assets	1,673,883	1,698,280	24,397
5. TOTAL (Line 1 plus Line 3 and Line 4)	3,076,828	4,470,213	1,393,385
DETAILS OF WRITE-INS			
0401. Prepaid Expenses	575,895	437,695	(138,200)
0402. Investment in Affiliate	1,097,988	1,260,585	162,597
0403			
0498. Summary of remaining write-ins for Line 4 from overflow page			
0499. TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above)	1,673,883	1,698,280	24,397

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	155,879	157,311	157,751	157,577	156,830	1,885,178
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service	3,266	6,067	6,075	6,790	6,843	77,083
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	159,145	163,378	163,826	164,367	163,673	1,962,261
DETAILS OF WRITE-INS							
0601	.....					
0602	.....					
0603	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statement

HEALTHPLUS OF MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

1. Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of HealthPlus of Michigan, Inc. (the Company) have been prepared in conformity with the 2002 NAIC Annual Statement Instructions and the NAIC Accounting Practices and Procedures Manual effective January 1, 2000, to the extent that the accounting practices, procedures, and reporting standards are not modified by the Michigan Insurance Code or the 2002 Forms and Instructions for Required Filings in Michigan.

The Company, with the permission of the Michigan Office of Financial and Insurance Services, Division of Insurance, reports its investment in its subsidiary, HealthPlus Options, Inc. (HPO) at an amount equal to the net worth of the subsidiary instead of the amount determined by NAIC SAP. This valuation method has resulted in a decrease in Net Worth of \$1,097,988 in 2002 and \$1,260,585 in 2001.

B. Management Estimates

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premium revenue is recognized in the month that members are entitled to health care services. The liability for incurred medical and hospital claims is accrued in the period during which the services are provided and includes estimates of services performed, which have not been reported to the Company.

The Company reports the value of its home office building at depreciated cost on Schedule A - Part 1. The fair value reported on Schedule A - Part 1 is based on a market analysis prepared for the Company by Mr. Winfield Cooper, President, Cooper Commercial, dated May 31, 2002.

In addition, the company uses the following accounting policies:

- 1) Short Term Investments are stated at amortized cost.
- 2) Bonds not backed by other loans are principally stated at amortized cost using the Seriatim Method.
- 3) Common Stocks are reported at market value.
- 4) The Company has no Preferred Stocks to report.
- 5) The Company has no mortgage loans to report.
- 6) Loan Backed Securities are stated at amortized cost.
- 7) The Company utilizes the GAAP Equity Method in respect to investments in subsidiaries and affiliated companies, with the exception of the investment in HPO noted above.
- 8) The Company has no ownership interests in joint ventures or limited liability companies.
- 9) The Company has no derivatives to report.

Notes to Financial Statement

10) Unpaid claims include amounts determined from individual case estimates and amounts based on past experiences, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

2. Accounting Changes and Corrections of Errors

A. Accounting changes and corrections of errors.

The Company did not discover any material errors or make any material changes in accounting principles in the reporting year 2002.

B. Cumulative effect of changes in accounting principles as a result of the initial implementation of Codification.

The State of Michigan has elected to delay the implementation of the NAIC Accounting Practices and Procedures Manual effective January 1, 2001 (Codification), until January 1, 2003. The Company has analyzed the effects of changes in accounting principles as a result of the implementation of Codification during 2002, and the Company is of the opinion that the implementation of Codification will have no material impact on the Company's 2003 Annual Statement.

3. Business Combinations and Goodwill

The Company does not have any business combinations or Goodwill to report.

4. Discontinued Operations

The Company does not have any discontinued operations to report.

5. Investments – Mortgage Loans, Debt Restructuring, Reverse Mortgages, Loan-Backed Securities, Repurchase Agreements

The Company does not have any mortgage loans, debt restructuring, reverse mortgages or repurchase agreements to report.

The Company's Loan-Backed Securities are reported at amortized cost. The Scientific Prospective method of amortization is applied. A PSA (Public Securities Association) rate of 100 is used to determine prepayment assumptions.

6. Joint Ventures, Partnerships and Limited Liability Companies

The Company has no investments in Joint Ventures, Partnerships, or Limited Liability Companies.

7. Investment Income

The Company does not exclude any investment income due and accrued.

8. Derivative Instruments

The Company does not have any derivative financial instruments to report.

9. Income Taxes

The Company is exempt from Federal income tax under Internal Revenue Code Section 501(c)(4). The Company is also exempt from Michigan Single Business Tax.

Notes to Financial Statement

10. Information Concerning Parent, Subsidiaries and Affiliates

HealthPlus Options, Inc. (HPO) is a wholly owned subsidiary of the Company. HPO began operations in 1990 as a third party administrator. The Company provides administrative services to HPO, and HPO pays the Company a monthly management fee for these services. Those fees amounted to approximately \$2,088,000 in 2002 and \$1,637,000 in 2001.

The Company reports its investment in HPO at an amount equal to the net worth of the subsidiary. Any increases or decreases in the equity of HPO is reflected as an increase or decrease in the non-admitted portion of the investment. At such time as the equity of HPO equals or exceeds the initial investment (\$1,566,801), the Company will account for increases or decreases as unrealized gains or losses.

The Company is a part owner (30% interest) of a non-profit corporation, HGH, Inc., with certain hospital providers in the greater Flint region for the purpose of providing services to Medicaid members. The Company also has negotiated reimbursement for its administrative services to the members of HGH. These reimbursements amounted to approximately \$6,700,000 in 2002 and are reflected as other health care related revenue on the Statement of Revenue and Expenses.

Premium revenues for HGH Medicaid members are transferred from HPM to HGH when collected from the Michigan Department of Community Health. These revenues are used to reimburse providers for services to Medicaid members and HPM for administrative services.

In the event that HGH, Inc. is unable to arrange to provide services to the Medicaid membership under the sub-contract, the Company would be responsible for the provision and payment of such services so long as the contract between the Michigan Department of Community Health and the Company remains in effect.

The investment in HGH is accounted for under the GAAP equity method, and the Company has recorded approximately \$916,000 as its share of the operating loss of HGH, Inc. in 2002.

HealthPlus Partners, Inc. (HPP) is a wholly-owned not-for-profit subsidiary of the Company. HPP began operations in January 2003. During 2002 the Company transferred \$1,000,000 to a separate account as required by the State of Michigan for operations.

11. Debt

The Company has no Capital Notes or Other Debts to report.

12. Retirement Plan

A defined contribution plan is provided to substantially all employees of the Company. The Company contributes 7% of participating employees' annual compensation into the benefit plan. Company contributions were approximately \$964,000 in 2002 and \$830,000 in 2001.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

The Company has no Shareholder's Dividend Restrictions or Quasi-Reorganizations to report.

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

- a. unrealized gains and losses: (\$2,313,811)
- b. nonadmitted asset values: (\$3,076,828)

14. Contingencies

In the normal course of business, HealthPlus of Michigan is a party to certain legal matters. Management is of the opinion that resolution of these matters will not have a material effect on the Company's financial position or results of operations.

Notes to Financial Statement

15. Leases

The Company leases office equipment under various operating lease agreements. The minimum aggregate rental commitments for these leases is as follows:

Year Ended December 31	Operating Leases (in thousands)
2003	\$313
2004	308
2005	311
2006	<u>311</u>
	<u>\$1,243</u>

Total rental expense for all operating leases was approximately \$241,000 in 2002, and \$235,000 in 2001.

16. Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

The Company has no Financial Instruments with Off-Balance Sheet Risk or Financial Instruments with Concentrations of Credit Risk.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

The Company has no Sales, Transfers or Servicing of Financial Assets, or Extinguishments of Liabilities to report.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

The Company had no Gains or Losses from Uninsured A&H Plans or the Uninsured Portion of Partially Insured Plans.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company has no Direct Premium Written/Produced by Managing General Agents/Third Party Administrators to report.

20. Other Items

Health Care Receivables

(a) Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
12/31/2002	336,687	0	0	0	0
09/30/2002	728,209	925,283	617,554	129,471	0
06/30/2002	122,470	804,178	627,498	54,210	0
03/31/2002	124,215	765,089	553,721	87,1536	0
12/31/2001	0	696,062	16,894	579,879	99,289
9/30/2001	0	656,153	516,807	40,289	99,057
6/30/2001	0	562,792	113,137	71,364	378,291
3/31/2001	0	704,584	176,272	134,469	393,843

Notes to Financial Statement

(b) Risk Sharing Receivables

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated And Reported in the Prior Year	Risk Sharing Receivable as Estimated And Reported in the Current Year	Risk Sharing Receivable Invoiced	Risk Sharing Receivable Not Invoiced	Actual Risk Sharing Amounts Collected in Year Invoiced	Actual Risk Sharing Amounts Collected First Year Subsequent	Actual Risk Sharing Amounts Collected Second Year Subsequent	Actual Risk Sharing Amounts Collected – All Other
2002	2002	0	3,487,444	0	3,487,444	0	0	0	0
	2003	0	0	0	0	0	0	0	0
2001	2001	0	5,126,666	5,126,666	0	3,918,120	0	0	0
	2002	0	0	0	0	0	0	0	0

21. Events Subsequent

There were no events subsequent to the close of the books or accounts for this statement which may have a material effect on the financial condition of the Company.

22. Reinsurance

The Company has no unsecured reinsurance recoverables, reinsurance recoverable in dispute, reinsurance assumed, uncollectable reinsurance, commutation of ceded reinsurance, or retroactive reinsurance at this time. The Company reported \$105,000 and \$133,000 in ceded reinsurance for year ended December 31, 2002 and 2001, respectively.

23. Retrospectively Rated Contracts

The Company has no Retrospectively Rated Contracts to report.

24. Organization and Operation

HealthPlus of Michigan (the Company) is a not-for-profit corporation and a state licensed and federally qualified health maintenance organization. The company provides comprehensive health care services through health maintenance contracts, primarily with enrollees who subscribe to the program as part of an employer group, or government sponsored program. The company has entered into contractual arrangements with physicians and hospitals to deliver these health care services.

In 2002 and 2001, the Company has agreements which provide the basis of payments to different provider groups for the delivery of health care services. The groups include hospitals, Physician Hospital Organizations (PHO's), and physician groups in various regions. The agreements include provisions for sharing of surplus or deficits calculated from comparison of total expense and funding reported for the Company's members served by the physician affiliated with each contracting provider group. The funding levels are based on a percentage of the premium which the Company receives for providing health insurance coverage to members. Certain of these providers have entered into separate agreements with affiliated hospitals to share any surplus or deficit associated with services to physician members.

In accordance with risk sharing provisions of the aforementioned agreements, \$2,600,000 at December 31, 2002 and \$3,150,000 at December 31, 2001, of admitted receivables from physicians and hospitals have been reflected on the balance sheet.

25. Salvage and Subrogation

The Company does not specifically identify anticipated salvage and subrogation amounts when calculating loss reserves.

Notes to Financial Statement

26. Change in Incurred Claims and Claim Adjustment Expenses

Reserves for incurred claims attributable to insured events of prior years has been increased (decreased) by (\$1,206,452) in 2002, and (\$1,699,067) in 2001 as a result of reestimation of unpaid claims. This increase (decrease) is generally the result of ongoing analysis, and original estimates are increased or decreased as additional information becomes known.

27. Minimum Net Worth

As a condition of the license with the State of Michigan, the Company agrees to maintain a minimum deposit of \$1,000,000 in a segregated account as an additional resource to provide the medical services for which it has contracted. These funds can only be used at the direction of the Insurance Commissioner of the State of Michigan who reserves the right to change the deposit amount. Interest on these funds is utilized by the Company.

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities				
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies				
1.22	Issued by U.S. government sponsored agencies				
1.3	Foreign government (including Canada, excluding mortgage-backed securities)				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43	Revenue and assessment obligations				
1.44	Industrial development and similar obligations				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Guaranteed by GNMA				
1.512	Issued by FNMA and FHLMC	756,151	0.996	756,151	1.011
1.513	Privately issued				
1.52	CMOs and REMICs:				
1.521	Issued by FNMA and FHLMC				
1.522	Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523	All other privately issued				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	2,518,348	3.318	2,518,348	3.366
2.2	Unaffiliated foreign securities				
2.3	Affiliated securities				
3.	Equity interests:				
3.1	Investments in mutual funds	11,071,538	14.586	11,071,538	14.800
3.2	Preferred stocks:				
3.21	Affiliated				
3.22	Unaffiliated				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated				
3.32	Unaffiliated	294,174	0.388	294,174	0.393
3.4	Other equity securities:				
3.41	Affiliated				
3.42	Unaffiliated				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated				
3.52	Unaffiliated				
4.	Mortgage loans:				
4.1	Construction and land development				
4.2	Agricultural				
4.3	Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
5.	Real estate investments:				
5.1	Property occupied by company	5,677,354	7.479	5,677,354	7.589
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt)				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt)				
6.	Policy loans				
7.	Receivables for securities				
8.	Cash and short-term investments	54,074,920	71.239	54,074,920	72.285
9.	Other invested assets	1,513,608	1.994	415,620	0.556
10.	Total invested assets	75,906,093	100.000	74,808,105	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/1999
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/1999
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

01/18/2001
- 3.4 By what department or departments?
Department of Consumer and Industry Services, Office of Financial & Insurance Services, Division of Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

GENERAL INTERROGATORIES (continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP Suite 1700, 500 Woodward, Detroit, MI, 48226

9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Michael J. Cellini, ASA, MAAA, Ernst & Young, LLP, 5 Times Square, New York, NY, 10036

10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?
10.3 Have there been any changes made to any of the trust indentures during the year?
10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes?
- Yes[] No[] N/A[X]
Yes[] No[] N/A[X]
Yes[] No[] N/A[X]

BOARD OF DIRECTORS

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

13. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?
- Yes[] No[X]

Yes[X] No[]

Yes[X] No[]

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
14.11 To directors or other officers
14.12 To stockholders not officers
14.13 Trustees, supreme or grand (Fraternal only)

14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
14.21 To directors or other officers
14.22 To stockholders not officers
14.23 Trustees, supreme or grand (Fraternal only)

15.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

15.2 If yes, state the amount thereof at December 31 of the current year:
15.21 Rented from others
15.22 Borrowed from others
15.23 Leased from others
15.24 Other
- \$
\$
\$
\$
\$
\$
\$
\$
\$
\$

Yes[] No[X]

\$
\$
\$
\$
- Disclose in Notes to Financial the nature of each obligation.

16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

16.2 If answer is yes:
16.21 Amount paid as losses or risk adjustment
16.22 Amount paid as expenses
16.23 Other amounts paid
- Yes[] No[X]

\$
\$
\$

GENERAL INTERROGATORIES (continued)

INVESTMENT

17. List the following capital stock information for the reporting entity:

		1	2	3	4	5	6
Class		Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price If Callable	Is Dividend Rate Limited?	Are Dividends Cumulative?
1.	Preferred .....	.....	.....	.....	.....	Yes[] No[] N/A[X]	Yes[] No[] N/A[X]
2.	Common .....	.....	.....	.....	X X X	X X X	X X X

18.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes[X] No[]

18.2 If no, give full and complete information, relating thereto:

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 2 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1). Yes[] No[X]

19.2 If yes, state the amount thereof at December 31 of the current year:

- 19.21 Loaned to others
- 19.22 Subject to repurchase agreements
- 19.23 Subject to reverse repurchase agreements
- 19.24 Subject to dollar repurchase agreements
- 19.25 Subject to reverse dollar repurchase agreements
- 19.26 Pledged as collateral
- 19.27 Placed under option agreements
- 19.28 Letter stock or securities restricted as to sale
- 19.29 Other
- \$

19.3 For each category above, if any of these assets are held by other, identify by whom held:

- 19.31
- 19.32
- 19.33
- 19.34
- 19.35
- 19.36
- 19.37
- 19.38
- 19.39
- For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[] No[X]

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[] No[] N/A[X]

If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[] No[X]

21.2 If yes, state the amount thereof at December 31 of the current year. \$

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] No[]

22.1 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1		2
Name of Custodian(s)		Custodian's Address
22.1001	Bank One Trust Company, N.A.	611 Woodward Ave., Detroit, MI, 48226
22.1002	Citizen's Bank	101 N. Washington Ave., Saginaw, MI, 48607

GENERAL INTERROGATORIES (continued)

INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year? Yes[] No[X]
22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

22.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
111223	CB Wealth Management	101 N. Washington Ave. Saginaw, MI 48607
.....	Bank One Trust Company, N.A.	611 Woodward Ave. Detroit, MI 48226 ...

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$..... 120,656
23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
American Association of Health Plans	71,671
Michigan Association of Health Plans	48,985

24.1 Amount of payments for legal expenses, if any? \$..... 185,275
24.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Reicker, VanDam, Barker & Black, P.C.	56,095

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$.....
25.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....

FIVE-YEAR HISTORICAL DATA

	1 2002	2 2001	3 2000	4 1999	5 1998
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	82,375,089	77,061,754	80,312,267	84,807,020	69,578,035
2. Total liabilities (Page 3, Line 18)	57,458,303	52,013,517	52,633,741	57,776,130	46,185,422
3. Statutory surplus	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
4. Total capital and surplus (Page 3, Line 26)	24,916,786	25,048,237	27,678,526	27,030,890	23,392,613
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	401,917,061	344,105,261	306,946,296	288,468,475	237,613,728
6. Total medical and hospital expenses (Line 17)	371,801,984	318,318,839	283,163,960	260,453,769	216,448,954
7. Total administrative expenses (Line 19)	29,492,759	27,251,268	25,618,212	24,669,251	21,199,662
8. Net underwriting gain (loss) (Line 22)	(791,089)	(2,520,655)	(2,951,878)		
9. Net investment gain (loss) (Line 25)	1,542,033	3,045,609	3,913,691		
10. Total other income (Lines 26 plus 27)	38,031	(99,393)	5,833		
11. Net income or (loss) (Line 30)	788,975	425,561	967,646	3,345,455	(34,888)
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	24,916,786	25,048,237	27,678,526	27,030,890	
13. Authorized control level risk-based capital	11,598,572	10,272,115	8,722,463	7,110,852	
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	163,673	159,145	149,898	153,370	136,346
15. Total members months (Column 6, Line 7)	1,962,261	1,868,993	1,817,967	1,808,492	1,544,166
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5)					
16. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)	94.1	92.5	92.3	91.4	91.9
18. Total underwriting deductions (Line 21)	101.9	100.7	101.0		
19. Total underwriting gain (loss) (Line 22)	(0.2)	(0.7)	(1.0)		
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	42,774,689	44,103,003	46,438,084	31,574,795	33,191,918
21. Estimated liability of unpaid claims-[prior year (Line 11, Col. 6)] ..	44,783,127	45,772,221	39,057,294	34,007,684	25,945,570

FIVE-YEAR HISTORICAL DATA (Continued)

		1	2	3	4	5
		2002	2001	2000	1999	1998
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES						
22.	Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
23.	Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
24.	Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)					
25.	Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
26.	Affiliated mortgage loans on real estate					
27.	All other affiliated	415,620	306,216	411,342	179,000	
28.	Total of above Lines 22 to 27	415,620	306,216	411,342	179,000	

SCHEDULE D - SUMMARY BY COUNTRY

Long-term Bonds and Stocks OWNED December 31 of Current Year

Description			1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States .....	.....	.....	.....	.....
	2.	Canada .....	.....	.....	.....	.....
	3.	Other Countries .....	.....	.....	.....	.....
	4.	Totals .....	.....	.....	.....	.....
States, Territories and Possessions (Direct and Guaranteed)	5.	United States .....	.....	.....	.....	.....
	6.	Canada .....	.....	.....	.....	.....
	7.	Other Countries .....	.....	.....	.....	.....
	8.	Totals .....	.....	.....	.....	.....
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States .....	.....	.....	.....	.....
	10.	Canada .....	.....	.....	.....	.....
	11.	Other Countries .....	.....	.....	.....	.....
	12.	Totals .....	.....	.....	.....	.....
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States	756,151	811,095	758,500	750,000
	14.	Canada .....	.....	.....	.....	.....
	15.	Other Countries .....	.....	.....	.....	.....
	16.	Totals	756,151	811,095	758,500	750,000
Public Utilities (unaffiliated)	17.	United States .....	.....	.....	.....	.....
	18.	Canada .....	.....	.....	.....	.....
	19.	Other Countries .....	.....	.....	.....	.....
	20.	Totals .....	.....	.....	.....	.....
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States	2,518,348	2,722,023	2,521,844	2,500,000
	22.	Canada .....	.....	.....	.....	.....
	23.	Other Countries .....	.....	.....	.....	.....
	24.	Totals	2,518,348	2,722,023	2,521,844	2,500,000
Parent, Subsidiaries and Affiliates	25.	Totals .....	.....	.....	.....	.....
	26.	Total Bonds	3,274,499	3,533,118	3,280,344	3,250,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States .....	.....	.....	.....	.....
	28.	Canada .....	.....	.....	.....	.....
	29.	Other Countries .....	.....	.....	.....	.....
	30.	Totals .....	.....	.....	.....	.....
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States .....	.....	.....	.....	.....
	32.	Canada .....	.....	.....	.....	.....
	33.	Other Countries .....	.....	.....	.....	.....
	34.	Totals .....	.....	.....	.....	.....
Industrial and Miscellaneous (unaffiliated)	35.	United States .....	.....	.....	.....	.....
	36.	Canada .....	.....	.....	.....	.....
	37.	Other Countries .....	.....	.....	.....	.....
	38.	Totals .....	.....	.....	.....	.....
Parent, Subsidiaries and Affiliates	39.	Totals .....	.....	.....	.....	.....
	40.	Total Preferred Stocks .....	.....	.....	.....	.....
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States .....	.....	.....	.....	.....
	42.	Canada .....	.....	.....	.....	.....
	43.	Other Countries .....	.....	.....	.....	.....
	44.	Totals .....	.....	.....	.....	.....
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States .....	.....	.....	.....	.....
	46.	Canada .....	.....	.....	.....	.....
	47.	Other Countries .....	.....	.....	.....	.....
	48.	Totals .....	.....	.....	.....	.....
Industrial and Miscellaneous (unaffiliated)	49.	United States	11,365,712	11,365,712	12,996,776	.....
	50.	Canada .....	.....	.....	.....	.....
	51.	Other Countries .....	.....	.....	.....	.....
	52.	Totals	11,365,712	11,365,712	12,996,776	.....
Parent, Subsidiaries and Affiliates	53.	Totals .....	.....	.....	.....	.....
	54.	Total Common Stocks	11,365,712	11,365,712	12,996,776	.....
	55.	Total Stocks	11,365,712	11,365,712	12,996,776	.....
	56.	Total Bonds and Stocks	14,640,211	14,898,830	16,277,120	.....

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....

SCHEDULE D - Verification Between Years

1. Book/adjusted carrying value of bonds and stocks, prior year.	<u>15,381,493</u>	6. Foreign Exchange Adjustment	.....
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	<u>10,223,595</u>	6.1 Column 17, Part 1.....	.....
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....	.....
3.1 Column 16, Part 1.....	<u>(3,882)</u>	6.3 Column 11, Part 2, Section 2.....	.....
3.2 Column 12, Part 2, Section 1.....	.....	6.4 Column 11, Part 4.....	.....
3.3 Column 10, Part 2, Section 2.....	<u>(1,391,153)</u>	7. Book/adjusted carrying value at end of current period.....	<u>14,640,211</u>
3.4 Column 10, Part 4.....	<u>(4,004)</u>	8. Total valuation allowance.....	.....
4. Total gain (loss), Column 14, Part 4.....	<u>19,039</u>	9. Subtotal (Lines 7 plus 8).....	<u>14,640,211</u>
5. Deduct consideration for bonds and stocks disposed of		10. Total nonadmitted assets.....	.....
Column 6, Part 4.....	<u>9,584,877</u>	11. Statement value of bonds and stocks, current period.....	<u>14,640,211</u>

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

			1	2	Direct Business Only			
			Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6
State, Etc.					Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums
1.	Alabama	AL	... No ...	... No ...				
2.	Alaska	AK	... No ...	... No ...				
3.	Arizona	AZ	... No ...	... No ...				
4.	Arkansas	AR	... No ...	... No ...				
5.	California	CA	... No ...	... No ...				
6.	Colorado	CO	... No ...	... No ...				
7.	Connecticut	CT	... No ...	... No ...				
8.	Delaware	DE	... No ...	... No ...				
9.	District of Columbia	DC	... No ...	... No ...				
10.	Florida	FL	... No ...	... No ...				
11.	Georgia	GA	... No ...	... No ...				
12.	Hawaii	HI	... No ...	... No ...				
13.	Idaho	ID	... No ...	... No ...				
14.	Illinois	IL	... No ...	... No ...				
15.	Indiana	IN	... No ...	... No ...				
16.	Iowa	IA	... No ...	... No ...				
17.	Kansas	KS	... No ...	... No ...				
18.	Kentucky	KY	... No ...	... No ...				
19.	Louisiana	LA	... No ...	... No ...				
20.	Maine	ME	... No ...	... No ...				
21.	Maryland	MD	... No ...	... No ...				
22.	Massachusetts	MA	... No ...	... No ...				
23.	Michigan	MI	... No ...	... Yes ...	262,475,568	24,787,434	103,708,780	4,308,403
24.	Minnesota	MN	... No ...	... No ...				
25.	Mississippi	MS	... No ...	... No ...				
26.	Missouri	MO	... No ...	... No ...				
27.	Montana	MT	... No ...	... No ...				
28.	Nebraska	NE	... No ...	... No ...				
29.	Nevada	NV	... No ...	... No ...				
30.	New Hampshire	NH	... No ...	... No ...				
31.	New Jersey	NJ	... No ...	... No ...				
32.	New Mexico	NM	... No ...	... No ...				
33.	New York	NY	... No ...	... No ...				
34.	North Carolina	NC	... No ...	... No ...				
35.	North Dakota	ND	... No ...	... No ...				
36.	Ohio	OH	... No ...	... No ...				
37.	Oklahoma	OK	... No ...	... No ...				
38.	Oregon	OR	... No ...	... No ...				
39.	Pennsylvania	PA	... No ...	... No ...				
40.	Rhode Island	RI	... No ...	... No ...				
41.	South Carolina	SC	... No ...	... No ...				
42.	South Dakota	SD	... No ...	... No ...				
43.	Tennessee	TN	... No ...	... No ...				
44.	Texas	TX	... No ...	... No ...				
45.	Utah	UT	... No ...	... No ...				
46.	Vermont	VT	... No ...	... No ...				
47.	Virginia	VA	... No ...	... No ...				
48.	Washington	WA	... No ...	... No ...				
49.	West Virginia	WV	... No ...	... No ...				
50.	Wisconsin	WI	... No ...	... No ...				
51.	Wyoming	WY	... No ...	... No ...				
52.	American Samoa	AS	... No ...	... No ...				
53.	Guam	GU	... No ...	... No ...				
54.	Puerto Rico	PR	... No ...	... No ...				
55.	U.S. Virgin Islands	VI	... No ...	... No ...				
56.	Canada	CN	... No ...	... No ...				
57.	Aggregate other alien	OT	... X X X ...	... X X X ...				
58.	TOTAL (Direct Business)		... X X X ...	(a)..... 1	262,475,568	24,787,434	103,708,780	4,308,403
DETAILS OF WRITE-INS								
5701								
5702								
5703								
5798.	Summary of remaining write-ins for Line 57 from overflow page							
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)							

(a) Insert the number of yes responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

HEALTHPLUS OF MICHIGAN
ORGANIZATIONAL CHART

